Qualification accredited

CAMBRIDGE OCR

Sample assessment material

A Level

Business

Cambridge OCR Level 3 Advanced GCE in Business

H436/03

Version 1.0 | January 2026

ocr.org.uk/business

Introduction

This sample assessment material (SAM) is an example exam paper published alongside the specification. It's designed to show the style and structure you can expect from our question papers.

As the qualification develops, we may update the question paper template. To make sure you're working with the most up-to-date information, we recommend using the latest set of past papers where possible.

To help you get the most from this SAM, we also provide two supporting resources:

- **Assessment story** – this explains the research behind the qualification and how feedback from teachers, students and schools has shaped our assessment approach.
- **Annotated SAMs** – these guide you through the key features of the assessment and highlight the different types of questions students will encounter in the exam.

Summary of updates

Section	Change	Version	Date
Covers	Creation of SAM wrapper pages	1.0	January 2026

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Sample Question Paper

A Level Business

H436/03 Strategy, risk and managing change

Time allowed: 2 hours

You must have:
- the Formula Booklet

You can use:
- a scientific or graphical calculator

Please write clearly in black ink. **Do not write in the barcodes.**

Centre number | | | | | | Candidate number | | | | |

First name(s) _____

Last name _____

INSTRUCTIONS
- Use black ink.
- Write your answer to each question in the space provided. You can use extra paper if you need to, but you must clearly show your candidate number, the centre number and the question numbers.
- Answer **all** the questions.

INFORMATION
- The total mark for this paper is **90**.
- The marks for each question are shown in brackets **[ ]**.
- Quality of extended response will be assessed in questions marked with an asterisk (*).
- Synopticity will be assessed in the final question in Section C marked with a hashtag (#)
- This document has **20** pages.

ADVICE
- Read each question carefully before you start your answer.

© Cambridge OCR 2026 [xxx/xxxx/x]
DC (CE/CB) xxxxxx/x

Section A

Put a tick (✓) in the box next to the **one** correct answer for each question.

1 A PEST analysis:

(a) concentrates on internal factors that a business needs to improve ☐

(b) considers the degree of risk associated with a proposed strategy ☐

(c) identifies the power of a business's suppliers and buyers ☐

(d) investigates factors in a business's external environment ☐

[1]

2 In a SWOT analysis for a fruit shop, which would be classified as a weakness?

(a) A poor harvest of apples and pears worldwide ☐

(b) Owner's lack of knowledge of local tastes ☐

(c) Significant delays in the transportation of the fresh produce ☐

(d) Wholesalers charging higher prices for bananas ☐

[1]

3 Which is **not** a role of a business plan?

(a) To identify markets ☐

(b) To identify resource requirements ☐

(c) To increase competition ☐

(d) To obtain a grant ☐

[1]

4 A farm has employer liability insurance.

This insurance would provide financial protection against:

(a) a customer being run over by a tractor ☐

(b) a fire causing severe damage to a barn ☐

(c) a farming machine being stolen from one of the fields ☐

(d) a labourer injuring their back tripping over equipment ☐

[1]

5 Which organisation is **most** likely to have a person culture?

(a) A call centre where gaining a promotion gives employees more power ☐

(b) A design agency where teamwork is more important than each creative's objectives ☐

(c) A GPs' surgery where doctors work independently but share resources ☐

(d) A small café where the entrepreneur makes all of the catering decisions ☐

[1]

6 Four stages of strategic decision making are shown below.

(1) Analyse approaches
(2) Define the problem
(3) Evaluate solutions
(4) Research the context

In what order should the four stages be completed?

(a) (2), (3), (4), (1) ☐

(b) (2), (4), (1), (3) ☐

(c) (4), (2), (1), (3) ☐

(d) (4), (2), (3), (1) ☐

[1]

7 New ownership is an example of:

(a) a budget variance ☐

(b) a cause of change ☐

(c) diversification ☐

(d) the business cycle ☐

[1]

8 A business ranks the three options it is considering as follows:

First choice = Option X
Second choice = Option Y
Third choice = Option Z

The opportunity cost of choosing Option X is:

(a) not being able to pursue Option Y ☐

(b) not being able to pursue Options Y and Z ☐

(c) not being able to pursue Options Y or Z ☐

(d) not being able to purse Option Z ☐

[1]

9 Which would be a barrier to change at a hair salon?

(a) Charging higher prices for haircuts than competitors ☐

(b) Customers requesting more modern hairstyles ☐

(c) Hair stylists wanting to use a new range of hair dyes ☐

(d) Poor leadership by the salon owner ☐

[1]

10 Which is an example of an IT retailer breaking consumer protection legislation?

(a) Charging higher prices for its tablets than all other retailers in the area ☐

(b) Choosing not to stock printers and scanners made outside of Europe ☐

(c) Knowingly selling a laptop with a slow processor as a hi-spec machine ☐

(d) Refusing to give a refund on a faulty hard drive without proof of purchase ☐

[1]

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Section B

Read the case study and answer the questions.

Coca Cola Europacific Partners plc (CCEP)

CCEP, Coca Cola's Europacific arm, manufactures and distributes canned and bottled drinks to millions of customers in Western Europe and Australasia. Its products include well-known fizzy soft drink brands such as Coca Cola, Sprite, Fanta and Monster, as well as non-fizzy soft drinks such as juices, coffee, tea and water.

CCEP has many competitors including PepsiCo, AG Barr, Britvic and Red Bull. CCEP's closest competitor (in terms of market share) is PepsiCo whose brands include Pepsi, 7UP, Mountain Dew and Lipton Ice Tea. Market share data is shown in the table below.

	Coca Cola Europacific Partners	**PepsiCo**
Share of Western Europe's fizzy soft drinks market (excluding water)	51.8%	11.8%
Share of Western Europe's total soft drinks market (fizzy and non-fizzy)	21.6%	6.3%

CCEP sources its ingredients including sugar, artificial sweeteners, plastic and aluminium from over 16,000 suppliers worldwide. Its main customers are supermarkets, wholesalers, restaurants and sports stadiums. CCEP's market dominance allows it to dictate the prices that others must follow. In 2023 with employed capital of €29.31bn and 32,315 employees, the company made a net profit of €1.17bn.

In 2023 CCEP used impact analysis and scenario planning to modernise and standardise its business continuity planning. Any strategic risks it identifies are included in its annual report (see **Fig. 1**).

Fig. 1 A selection of strategic risks taken from CCEP's 2023 annual report

Strategic risks:
Cyberattacks or a deficiency in the company's IT resilience related to the protection of data
Deteriorating economic conditions, including increased uncertainty
Changes in buying trends, especially in relation to health concerns and lifestyle
Failure to attract, retain and motivate existing and future employees

CCEP is a member of a group of businesses focussed on improving gender equality. In addition, in 2023 CCEP introduced a new disability pledge, a company-wide commitment to support employees with disabilities. The company also started a programme to support the skills development of people facing barriers in its local labour markets.

CCEP pays fairly and offers good pensions to all of its employees. It provides training and support to line managers to ensure that they make appropriate pay decisions. CCEP also participates in activities that contribute to a fairer workplace.

CCEP holds forums with employees to give them a voice and to make them feel valued. Works councils meet regularly, as do meetings with the 55 trade unions that represent the workforce. CCEP uses social media and its careers website to showcase its philosophy that everyone is welcome.

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The company sets targets for some of its Diversity, Equity and Inclusion (DEI) commitments (see **Fig. 2**).

Fig. 2 Data on some of CCEP's DEI metrics from its 2023 annual report

DEI metrics	Target by 2030	2023	2022
Percentage of women in management positions (senior manager level and above)	45%	38.4%	37.2%
Percentage of women in total workforce	33%	25.1%	23.8%
Percentage of people self-declaring as having a disability in the workforce	10%	12.6%	No data
Number of people supported in skills development	500,000	16,400	No data

11 Explain how **two** of Porter's 5 forces apply to CCEP.

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..... **[4]**

12 Analyse **one** advantage and **one** disadvantage for CCEP of business continuity planning.

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..... **[8]**

13 Using the case study, analyse **two** strategic risks for CCEP.

Recommend which of the **two** strategic risks should be of greater concern to CCEP. Justify your answer.

[14]

14* Using the data in **Fig. 2** and any other relevant information, evaluate CCEP's progress towards its DEI commitments and suggest ways it could further improve this progress.

[14]

Section C

Read the case study and answer the questions.

The Thirl

The Thirl is an independently owned 210-bedroomed hotel. It is located in Northern England, close to the Scottish border. The hotel has a four-star rating for its wide range of facilities including conference rooms, two restaurants, a gym, a swimming pool, a beauty salon, a gift shop and a golf course. The hotel offers exceptional service, including a chauffeur-driven luxury minibus to take guests to and from the local railway station.

The Thirl employs 104 expertly trained, highly motivated workers. It has an excellent reputation for the quality of its operations. Daily housekeeping and routine maintenance are carried out discreetly and politely. Customer satisfaction is high. Its 78% room occupancy rate is higher than competitors nearby and has remained stable for the last two years.

The Thirl does not use social media or pay for premium listings with search engines. Instead, it uses traditional methods of advertising such as glossy brochures that emphasise the luxurious experience that the hotel offers its guests. The hotel's typical guests are couples aged 50+, with goals and values consistent with an affluent lifestyle. With an average rate of £339 per room per night, its prices are high. Last year the hotel made £20m revenue from accommodation and an additional £5m from its restaurants. It recorded a profit for the year of £350,000.

Two years ago, The Thirl's owners made a strategic decision to improve the environmental profile of the hotel. They set a goal to reach net zero by 2045. A summary of their action plan for the first two stages is shown below.

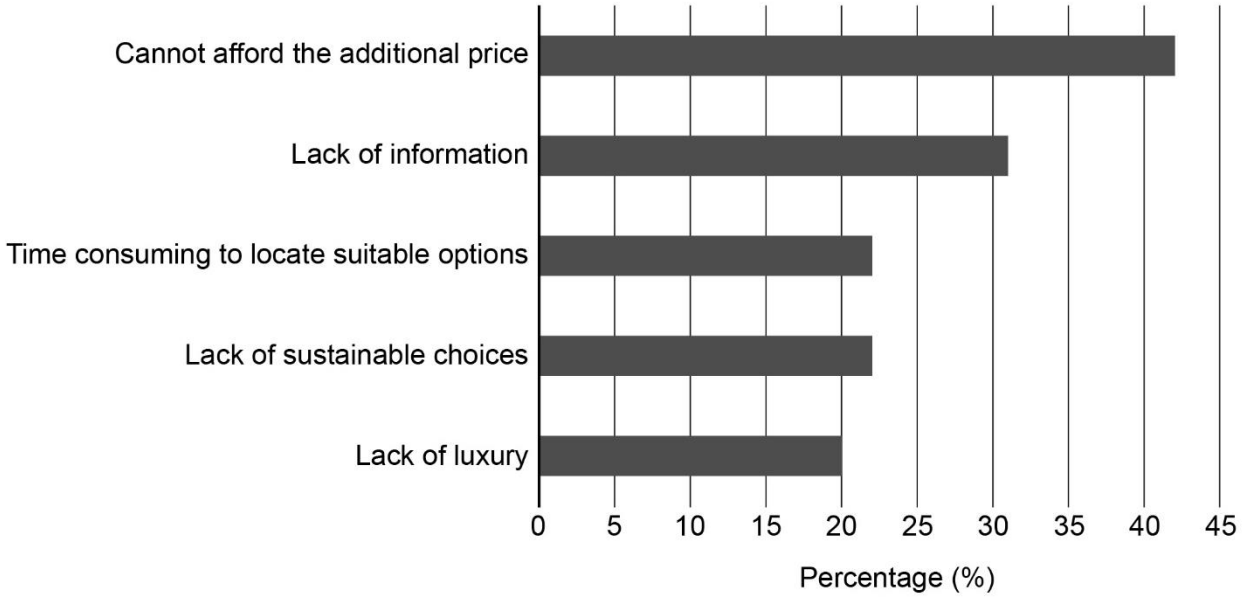
Environmental action plan

	What?	**How?**
STAGE 1 Reduce waste	Water, plastics, glass, paper, textiles, food	Low flush toilets, smart showers, towel rails, recycling, food banks
STAGE 2 Heating and lighting upgrade	Central heating, air conditioning, internal lighting, external lighting	Update central heating system, energy efficient boiler, sensor, timers and thermostats, LED energy efficient light bulbs.

Stage 1 of the plan was completed last year at a cost of £1m. Stage 2 is currently underway. The Thirl will close on 30 September so that the hotel's heating and lighting can be upgraded. Several bookings have been taken for its planned reopening date on 1 November.

The owners are now considering what actions to include in Stage 3 of the action plan. The results of a survey by industry experts about challenges to consumers choosing environmentally friendly holiday options is shown in **Fig 3**.

Fig. 3 Survey question: What stops you from booking an environmentally friendly holiday option?



15 The owners of The Thirl have set a goal to reach net zero by 2045 and intend to complete Stage 2 of their action plan by October this year.

(a) Explain what is meant by the term 'net zero'.

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..... **[2]**

(b) The net present value (NPV) for Stage 2 is negative. Using a discount factor of 10%, calculated over five years, the NPV is (£0.5m).

Explain what this means for The Thirl's £3m investment in Stage 2.

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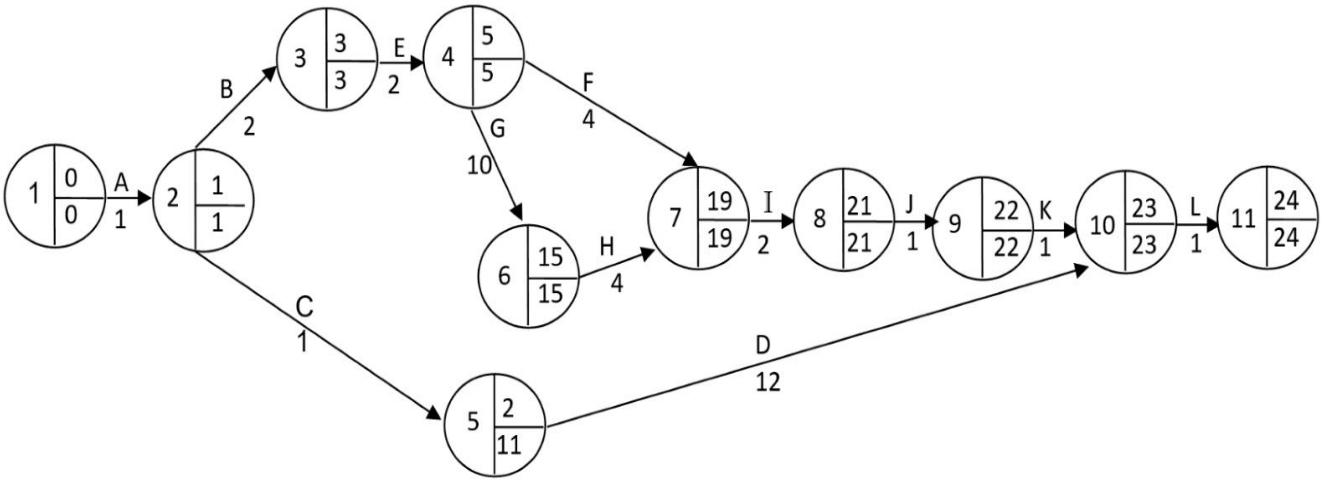
The critical path network diagram for Stage 2's heating and lighting upgrade is shown below.



Activity key:	
A: Stage 2 employee briefing	**G:** Lighting upgrade (electrical)
B: Site survey and technical drawings	**H:** Air conditioning upgrade (electrical)
C: Selection of solar panel contractor	**I:** Gas and electrical safety checks
D: Lead time and fitting of solar panels	**J:** Hotel cleaning and restocking
E: Selection of gas and electrical contractors	**K:** Staff training on new systems
F: Heating upgrade (gas)	**L:** Stage 2 employee debrief
Duration: All timings are in days	

16 Activity F is likely to take 12 additional days due to needing to order replacement parts from Asia.

Using the critical path diagram and relevant calculations, analyse the value of critical path analysis to the effective management of Stage 2's heating and lighting upgrade.

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17 Analyse **two** actions that the owners could include in Stage 3 of the environmental action plan to help the hotel reach net zero by 2045.

Recommend which of the two actions The Thirl should prioritise. Justify your answer.

[14]

18[#] Evaluate factors likely to affect The Thirl's future success and suggest how the business should respond to these factors to achieve success.

Use your knowledge and understanding from across the full course of study when answering this question.

[14]

END OF QUESTION PAPER

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Sample Mark Scheme

A Level Business H436/03 Strategy, risk and managing change

MARK SCHEME

Duration: 2 hours

MAXIMUM MARK 90

Version: **Sample**

This document has 38 pages

MARKING INSTRUCTIONS

PREPARATION FOR MARKING
RM ASSESSOR

1. Make sure that you have accessed and completed the relevant training packages for on-screen marking: *RM Assessor Assessor Online Training*; *OCR Essential Guide to Marking*.

2. Make sure that you have read and understood the mark scheme and the question paper for this unit. These are posted on the RM Cambridge Assessment Support Portal http://www.rm.com/support/ca

3. Log-in to RM Assessor and mark the **required number** of practice responses ("scripts") and the **number of required** standardisation responses.

   YOU MUST MARK 10 PRACTICE AND 10 STANDARDISATION RESPONSES BEFORE YOU CAN BE APPROVED TO MARK LIVE SCRIPTS.

MARKING

1. Mark strictly to the mark scheme.

2. Marks awarded must relate directly to the marking criteria.

3. The schedule of dates is very important. It is essential that you meet the RM Assessor 50% and 100% (traditional 40% Batch 1 and 100% Batch 2) deadlines. If you experience problems, you must contact your Team Leader (Supervisor) without delay.

4. If you are in any doubt about applying the mark scheme, consult your Team Leader by telephone or the RM Assessor messaging system, or by email.

5. **Crossed Out Responses**
Where a candidate has crossed out a response and provided a clear alternative then the crossed out response is not marked. Where no alternative response has been provided, examiners may give candidates the benefit of the doubt and mark the crossed out response where legible.

Multiple Choice Question Responses
When a multiple choice question has only a single, correct response and a candidate provides two responses (even if one of these responses is correct), then no mark should be awarded (as it is not possible to determine which was the first response selected by the candidate).
When a question requires candidates to select more than one option/multiple options, then local marking arrangements need to ensure consistency of approach.

Contradictory Responses
When a candidate provides contradictory responses, then no mark should be awarded, even if one of the answers is correct.

Short Answer Questions (requiring only a list by way of a response, usually worth only **one mark per response**)
Where candidates are required to provide a set number of short answer responses then only the set number of responses should be marked. The response space should be marked from left to right on each line and then line by line until the required number of responses have been considered. The remaining responses should not then be marked. Examiners will have to apply judgement as to whether a 'second response' on a line is a development of the 'first response', rather than a separate, discrete response. *(The underlying assumption is that the candidate is attempting to hedge their bets and therefore getting undue benefit rather than engaging with the question and giving the most relevant/correct responses.)*

Short Answer Questions (requiring a more developed response, worth **two or more marks**)
If the candidates are required to provide a description of, say, three items or factors and four items or factors are provided, then mark on a similar basis – that is downwards (as it is unlikely in this situation that a candidate will provide more than one response in each section of the response space.)

Longer Answer Questions (requiring a developed response)
Where candidates have provided two (or more) responses to a medium or high tariff question which only required a single (developed) response and not crossed out the first response, then only the first response should be marked. Examiners will need to apply professional judgement as to whether the second (or a subsequent) response is a 'new start' or simply a poorly expressed continuation of the first response.

6. Always check the pages (and additional objects if present) at the end of the response in case any answers have been continued there. If the candidate has continued an answer there, then add a tick to confirm that the work has been seen.

7. Award No Response (NR) if:

- there is nothing written in the answer space

Award Zero '0' if:

- anything is written in the answer space and is not worthy of credit (this includes text and symbols).

Team Leaders must confirm the correct use of the NR button with their markers before live marking commences and should check this when reviewing scripts.

8. The RM Assessor **comments box** is used by your team leader to explain the marking of the practice responses. Please refer to these comments when checking your practice responses. **Do not use the comments box for any other reason.**
If you have any questions or comments for your team leader, use the phone, the RM Assessor messaging system, or e-mail.

9. Assistant Examiners will send a brief report on the performance of candidates to their Team Leader (Supervisor) via email by the end of the marking period. The report should contain notes on particular strengths displayed as well as common errors or weaknesses. Constructive criticism of the question paper/mark scheme is also appreciated.

10. For answers marked by levels of response:

a. **To determine the level** – start at the highest level and work down until you reach the level that matches the answer
b. **To determine the mark within the level**, consider the following

Descriptor	Award mark
On the borderline of this level and the one below	At bottom of level
Just enough achievement on balance for this level	Above bottom and either below middle or at middle of level (depending on number of marks available)
Meets the criteria but with some slight inconsistency	Above middle and either below top of level or at middle of level (depending on number of marks available)
Consistently meets the criteria for this level	At top of level

11. Annotations

Annotation	Meaning
KU	Knowledge and understanding
APP	Application
AN	Analysis
DEV	Developed analysis
EVAL	Evaluation
EE	Extended Evaluation
ARA	Any reasonable answer
Q	Quantitative skills

12. Marking exemplars:

Marking exemplars in A Level Business are benchmark responses used to guide examiners, ensuring consistency and fairness by illustrating the expected level of depth, application, analysis, and evaluation to reward each skill. They also help identify the features of strong responses—such as well-structured arguments, accurate use of business terminology, and relevant real-world examples (without always being full-mark answers in terms of the level of detail gone into).

13. Subject Specific Marking Instructions

Section A: Multiple Choice

SECTION A			
Question	**Answer**	**Marks**	**Assessment Objective**
1	**D**	1	1 1a
2	**B**	1	2 1b
3	**C**	1	1 1a
4	**D**	1	2 1c
5	**C**	1	2 1a
6	**B**	1	1 1c
7	**B**	1	1 1a
8	**A**	1	1 1c
9	**D**	1	2 1b
10	**C**	1	2 1a

Section B

Question	Answer	Mark	Guidance
11	**Explain how <u>two</u> of Porter's 5 forces apply to CCEP.** **Indicative content:** • Competitive Rivalry • Supplier Power • Buyer Power • Threat of Substitution • Threat of New Entry **Context that may be USED include:** • High market share 51.8%, 21.6% • Pepsi a strong challenger brand, market share 11.8%, 6.3% • Supplies of sugar, artificial sweeteners, plastic, aluminium • 18,000 suppliers • Main customers are supermarkets, wholesalers, restaurants and sports stadiums • Coca Cola is able to dictate the prices that others must follow • CCEP employed capital of €29.31bn	**4** **(AO1 1a 2)** **(AO2 1a 2)**	One mark for a valid force. ✔ *No application marks can be gained without understanding.* One further mark for application to CCEP. APP **Example responses:** Competitive rivalry (1) will be high because other brands will be trying to gain some of CCEP's 51.8% market share (APP). Supplier power (1) is low as CCEP buys from over 18 000 suppliers and can easily switch to a different supplier if necessary (APP). Buyer power (1) is low as CCEP has the power to command its own price for its branded drinks (APP). Threat of substitution (1) is high, not only from PepsiCo with a market share of 11.8% of the fizzy soft drinks market, but from other soft drink manufacturers such as AG Barr, Britvic and Red Bull (APP). Threat of new entry (1) will be low because new firms would be unlikely to be able to match the €29bn capital employed by CCEP (APP).

Question	Answer	Mark	Guidance
12	**Analyse <u>one</u> advantage and <u>one</u> disadvantage for CCEP of business continuity planning.** **Relevant K&U includes:** **Advantages:** • Reduces costs/time/risk in the future if negative events occur • Helps to identify worst case scenarios • Can reassure stakeholders you are aware of risks • Allows business to react quickly to negative events • May prevent/minimise an extreme situation **Disadvantages:** • Can take a lot of time to carry out • Can distract managers from their normal work • Only as good as the risk assessments • Time is spent on something which may never happen • Opportunity cost **Application includes:** Application of positive and negative effects for CCEP of business continuity planning. Context that may be USED include: • Many competitors including PepsiCo, AG Barr, Britvic and Red Bull • Recover quickly to avoid a drop in profit levels, €1.17bn • Avoid a fall in 51.8%/21.6% market share	**8** **(AO1 1b 2)** **(AO2 1b 2)** **(AO3 4)**	Candidate performance should be assessed for each skill (i.e. knowledge, application, analysis, evaluation) by selecting the mark which most closely resembles their performance for each specific skill. A candidate's level of performance is likely to vary from skill to skill. **Use level of response marking grid to assess skill levels.** Annotate as: Up to two marks for knowledge and understanding **[KU]** Up to two marks for application **[APP]** Up to four marks for analysis **[AN]/[DEV]** This question provides opportunity for candidates to investigate how business continuity planning is both an opportunity and a problem for businesses. Candidates should consider how business continuity planning can positively and negatively affect CCEP. Analysis should investigate the impact of business continuity planning on CCEP's operations, behaviour or performance. Basic analysis should demonstrate an understanding of the impact on the organisation of business continuity planning using straightforward logic and business concepts. Developed analysis should demonstrate more complex reasoning using a logical chain of argument to explore the implications on the organisation of business continuity planning.

	• Maintain market dominance • Continue to supply millions of customers **Analysis includes:** • Positive impacts on business operations of business continuity planning. • Positive impacts on business behaviour of business continuity planning. • Positive impacts on business performance of business continuity planning. • Negative impacts on business operations of business continuity planning. • Negative impacts on business behaviour of business continuity planning. • Negative impacts on business performance of business continuity planning. **ARA**		

Q12 Analyse <u>one</u> advantage and <u>one</u> disadvantage for CCEP of its business continuity planning. [8]

	Knowledge & Understanding (2 marks)	**Application** (2 marks)	**Analysis** (4 marks)
Strong	**2 marks** Knowledge of one advantage **AND** one disadvantage of business continuity planning. **[KU]**	**2 marks** Application to CCEP of one advantage **AND** one disadvantage of business continuity planning. **[APP]**	**4 marks** Developed analysis of impact on business of one advantage **AND** one disadvantage of business continuity planning. **[DEV]**
Good			**3 marks** One developed **AND** one basic analysis of impact on business of one advantage **AND** one disadvantage of business continuity planning. **[DEV]+[AN]**
Reasonable	**1 mark** Knowledge of one advantage **OR** disadvantage of business continuity planning. **[KU]**	**1 mark** Application to CCEP of one advantage **OR** disadvantage of business continuity planning. **[APP]**	**2 marks** Developed analysis of impact on business of one advantage **OR** disadvantage of business continuity planning.**[DEV]** **OR** Basic analysis of impact on business of one advantage **AND** one disadvantage of business continuity planning. **[AN]** **[AN]**
Limited			**1 mark** Basic analysis of impact on business of one advantage **OR** disadvantage of business continuity planning. **[AN]**

12	**Marking exemplar:** One advantage of business continuity planning is that it allows the business to react quickly to negative events (KU). This means that if, for example, CCEP experienced difficulties with obtaining sugar from its usual suppliers the company would already have an alternative supplier in place who could meet its needs (APP). This would minimise disruption to production and maintain output levels (AN), in turn allowing CCEP to maintain its 51.8% market share and retain its market dominance to dictate prices (DEV). A disadvantage of business continuity planning is the amount of management time that it takes (KU). So, for example CCEP's human resources manager will need to spend time considering all sorts of negative events, rather than spending time holding employee forums for its 32315 employees (APP). This could leave tasks that are part of their usual job role undone and result in deadlines being missed (AN). Producing contingency plans for negative events that are unlikely to happen, may divert management attention away from their main tasks. This could create an actual crisis that requires expensive crisis management, increasing business costs by thousands of pounds (DEV).

Question	Answer	Mark	Guidance
13	**Using the case study, analyse <u>two</u> strategic risks for CCEP. Recommend which of the two strategic risks should be of greater concern to CCEP. Justify your answer.** **Relevant K&U includes:** • Cyberattacks or a deficiency in the company's IT resilience related to the protection of data e.g. data breach, legal action, loss of sales, competitor advantage, damage to reputation, loss of marketing data, loss of customer data, loss of financial data, loss of supplier data, etc • Deteriorating economic conditions, including increased uncertainty e.g. funding, cash flow, borrowing remit, luxury good, loss of sales, need for marketing, reduction in workforce, etc • Changes in buying trends, especially in relation to health concerns and lifestyle e.g. need for product development, widened product portfolio, sourcing of new ingredients, change to marketing mix, need for health marketing, rebranding, etc • Failure to attract, retain and motivate existing and future employees e.g. short staffed, reduced output, loss of revenue, need for increased recruitment activity, increased training demand, greater need for HR activity, financial and non-financial incentives, competitor advantage, etc.	**14** **(AO1 1a 2)** **(AO2 1a 2)** **(AO3 4)** **(AO4 1a 2)** **(AO4 1c 4)**	Candidate performance should be assessed for each skill (i.e. knowledge, application, analysis, evaluation) by selecting the mark which most closely resembles their performance for each specific skill. A candidate's level of performance is likely to vary from skill to skill. **Use level of response marking grid to assess skill levels.** Annotate as: Up to two marks for knowledge and understanding **[KU]** Up to two marks for application **[APP]** Up to four marks for analysis **[AN]/[DEV]** Up to six marks for evaluation **[EVAL]/[EE]** This question requires candidates to make informed judgements using the qualitative and quantitative information provided. In particular, this question assesses candidates' ability to take a holistic view of the impact on organisations of strategic risks and use their decision-making skills to make informed judgements. The question provides opportunity for candidates to demonstrate their knowledge of strategic risk and how it affects the organisation as a whole. Understanding, using the quantitative and qualitative information in the case study, should be applied to CCEP. Analysis should investigate the impacts on CCEP of the chosen strategic risks. Basic analysis should demonstrate an understanding of specific strategic risks using straightforward logic and drawing on basic business concepts. Developed analysis should demonstrate more complex reasoning using a logical chain of argument to explore the implications for the organisation of specific strategic risks.

	Application includes: Application of strategic risk to CCEP, using quantitative and qualitative information provided in the case study. Context that may be USED include: • Avoid a fall in 51.8%/21.6% market share • Many competitors including PepsiCo, AG Barr, Britvic and Red Bull • Maintain profit levels, €1.17bn in 2023 • Deal with 16,000 suppliers • Source ingredients from suppliers worldwide • Drinks contain sugar, artificial sweeteners • Social trends promoting water as best form of hydration • More emphasis on a healthy lifestyle **Analysis includes:** • Negative impacts on business operations of specific strategic risks. • Negative impacts on business behaviour of specific strategic risks. • Negative impacts on business performance of specific strategic risks. • Negative impacts on business decision-making of specific strategic risks. • Negative impacts on business strategic planning of specific strategic risks. **Evaluation could include:** A decision as to which specific strategic risk would cause greatest damage to the organisation, supported by: • A consideration of the wide-ranging, holistic nature of these risks		Evaluation requires candidates to weigh up the nature and/or magnitude of these risks. A basic assertion would comprise a judgement with some reasoning, but without detailed reasoning or evidence to support it. A justified evaluative comment would include a rationale for the judgement backed by quantitative or qualitative evidence. Justified evaluation might consider the overall likelihood of the risks, the severity of each risk or the timeframe of the impact i.e. short-term or long-term, to reach a judgement as to the degree of concern. Consideration should also be given to the unique circumstances relating to CCEP and how the organisation can mitigate against such risks, with resultant cost-benefit analysis. A strong justification would consider weighing up the advantages and both risks in order to rank them by degree of concern.

	• A consideration of the likelihood of specific strategic risks occurring • Critical analysis to judge the magnitude and importance of each strategic risk. • Consideration of the qualitative and quantitative information provided and CCEP's unique circumstances in terms of its market dominance and competitor behaviour. • Consideration of ways organisations can respond to mitigate against these specific strategic risks. Cost-benefit arguments relating to trade-offs in terms of time, money and opportunity cost. **ARA**		

Q13 Using the case study, analyse <u>two</u> strategic risks for CCEP. Recommend which of the <u>two</u> strategic risks should be of greater concern to CCEP. Justify your answer. [14]

	Knowledge & Understanding (2 marks)	**Application** (2 marks)	**Analysis** (4 marks)	**Evaluation** (6 marks)
Strong	**2 marks** Disadvantages of two strategic risks. **[KU]**	**2 marks** Application to CCEP of disadvantages of two strategic risks. **[APP]**	**4 marks** Developed analysis of the negative impacts on business of two strategic risks. **[DEV]**	**5-6 marks** A justified evaluation as to which strategic risk is likely to be of greatest concern to CCEP, including why the alternative is less of a concern (with explicit use of the context). **[EE][EE]**
Good			**3 marks** One developed **AND** one basic analysis of the negative impacts on business of two strategic risks. **[DEV]+[AN]**	**4 marks** A justified evaluation, as to which strategic risk is likely to be of greatest concern to CCEP (with explicit use of the context). **[EE]**
Reasonable	**1 mark** Disadvantages of one strategic risk. **[KU]**	**1 mark** Application to CCEP of disadvantages of one strategic risk. **[APP]**	**2 marks** Developed analysis of the negative impacts on business of one strategic risk. **[DEV] OR** Basic analysis of the negative impacts on business of two strategic risks. **[AN] [AN]**	**2-3 marks** A justified evaluative comment as to which is likely to be of greatest concern to a business. **[EVAL] [EVAL]**
Limited			**1 mark** Basic analysis of the negative impacts on business of one strategic risk. **[AN]**	**1 mark** A basic assertion as to which is likely to be of greatest concern to a business. **[EVAL]**

13	**Marking exemplar:** A cyberattack could cause a data breach (KU). CCEP could be fined for leaking confidential information relating to its 16000 suppliers worldwide (APP). A fine would increase CCEP's operating costs and reduce profits (AN). However, it could also damage relationships between CCEP and some of its suppliers, who might then decide not to supply to the company or agree less favourable terms and conditions for CCEP, effectively reducing the drink company's competitive advantage (DEV). A health scare, especially related to one of CCEP's drink ingredients, would lead to a sharp drop in sales (KU). If, say, the artificial sweetener used in CCEP's diet drinks was the focus of the scare, the company would need to change its drink recipes (APP). This would require significant innovation and increase R&D costs (AN). In addition, it could cause cash flow difficulties because the increased cost will be happening at a time when cash inflows have plummeted in a way the company is unlikely to have predicted or planned for (DEV). CCEP should be most concerned about a health scare because these happen frequently and have long term effects that would significantly reduce sales revenue. Whereas even a full-scale cyberattack that brings down the company's entire IT systems should be capable of being restored very quickly with only short-term effects (EVAL). Furthermore, a health scare would reduce the size of the market that CCEP currently controls over 50% of. If the market size dropped, then so too would long-term profits which would lead to a much lower return on its €29.31bn of capital employed, likely reducing dividends leading to a loss of investors and a fall in its share price (EE). Even if a cyberattack were to cause a data breach, suppliers are unlikely to renege on contracts with CCEP because it purchases in very large quantities and the supplier would not want to lose such a major customer on whom it may rely (EE).

Question	Answer	Mark	Guidance
14*	**Using the data in Fig. 2 and any other relevant information, evaluate CCEP's progress towards its DEI commitments and suggest ways it could further improve this progress**. **Relevant K&U includes:** • **Diversity** e.g. culture and heritage, disability, gender, sexual orientation and age; parity, under-represented groups, disadvantaged groups • **Equity** e.g. Fair pay, fair working conditions • **Inclusion** e.g. workforce feel valued, welcomed, have a voice **Quantitative application*:** • **Percentage of women in management** o 2022 to 2023 increase of 1.2 percentage points o 6.6 percentage points below target in 2023 o 85% of 2023 target. • **Percentage of women in workforce** o 2022 to 2023 increase of 1.3 percentage points o 7.9 percentage points below target in 2023 o 76% of 2023 target o Only a quarter of workforce are female. • **Percentage with self-declared disability** o Above target by 2.6 percentage points • **Number of people supported in skills development** o Shortfall of 483,600 o 3.28% of target /96.72% shortfall.	**14(Q)** **(AO1 1a 1)** **(AO1 1b 1)** **(AO2 1a 1)** **(AO2 1b 1)** **(AO3 4)** **(AO4 1a 2)** **(AO4 1b 1)** **(AO4 1c 1)** **(AO4 1d 2)**	NB This question contains 6 embedded marks for quantitative skill (Q) as indicated on the marking grid. It should be noted that whilst the AO2 Q marks may not be achieved (inaccurate use of quantitative data), this should not be a barrier to the AO3 and AO4 Q marks, if the analysis/evaluation meets the other criteria, although if the initial use of the data is flawed, this may well affect how well-developed analysis can be, or how coherent evaluation can be. Errors of calculation or numerical transcription should not be repeatedly penalised however.) Candidate performance should be assessed for each skill (i.e. knowledge, application, analysis, evaluation) by selecting the mark which most closely resembles their performance for each specific skill. A candidate's level of performance is likely to vary from skill to skill. **Use level of response marking grid to assess skill levels.** Annotate as: Up to two marks for knowledge and understanding **[KU]** Up to two marks for quantitative application* **[APP]** Up to four marks for analysis **[AN]/[DEV]** Up to six marks for evaluation **[EVAL]/[EE]** *Application refers to the use of data in Fig. 2 to demonstrate quantitative skill. *Quality of Extended Response is assessed on this question. Please see marking grid statements below. QoER Statements should be taken into account when marking AO4.*

	Analysis includes: • **Quantitative observations:** ○ Overall improvements regarding women in workforce but still well below target ○ Women in workforce greater deficit than in management ○ Disability levels above target ○ Significant shortfall in skills development support, and no previous data ○ Doing better at disability targets than gender targets ○ Very poor performance on skills development • **Qualitative observations:** ○ No information on CCEP's practices relating to culture and heritage, LGBTQ+ or age ○ no details about nature of new disability pledge and skills development programme; training provided to line manager, forums, works councils and meetings with 55 trade unions ○ Whether disability pledge is face value only or substantive ○ The practical difficulties of dealing with 55 trade unions' viewpoints ○ Limited detail on the use of social media and CCEP's career website get across the message that everyone is welcome.		This question requires candidates to use informed judgements about qualitative and quantitative information in order to propose evidence-based solutions. In particular, this question assesses candidates' decision-making skills and their ability to propose evidence-based solutions from complex qualitative and quantitative information informing judgements about an organisation's progress towards diversity, equity and inclusion. The question provides opportunity for candidates to demonstrate their knowledge and understanding of diversity, equity and inclusion and requires the demonstration of quantitative skill to interpret data. Breadth of knowledge refers to the range of relevant business concepts, theories, and terminology used in a response. A strong answer will draw on ideas from multiple topic areas and demonstrate an understanding of different approaches or perspectives. Limited knowledge may be shown by relying on just one concept or a narrow part of the specification. Analysis should interpret the key progress (or otherwise) towards diversity, equity and inclusion. Basic analysis should demonstrate an understanding of CCEP's progress towards its diversity, equity and inclusion targets using straightforward, non-quantitative, argument drawing on basic business concepts. Developed analysis should demonstrate more complex reasoning based on interpretation of the quantitative data with regards to progress towards DEI using a logical chain of argument. Evaluation requires candidates to reach a judgement as to CCEP's progress towards its DEI targets and propose solutions for further progress. Justified, proposed solutions could include revising DEI targets to ensure they reflect best practices — for example, setting 50/50 gender targets to demonstrate a stronger commitment to equality.

	Evaluation could include: A judgement relating to progress towards DEI supported by: • Consideration of overall DEI position in relation to targets • Consideration of trends, direction of travel and likelihood of reaching targets by 2030. • Consideration of accuracy of data (especially disability data which is self-declared) • Consideration of further information required relating to culture and heritage, LGBTQ+ and age • Critical analysis of targets (e.g.is 45% of women in management and 33% in workforce sufficient, why not 50%?). • Suggested course of actions to improve DEI position e.g. ways to increase gender balance and skills development. • Cost-benefit arguments relating to trade-offs in terms of time, money and opportunity cost. **ARA**		CCEP could also introduce more transparent reporting across all DEI criteria, ensuring data on ethnicity, disability, and socio-economic diversity is published alongside gender data. To address underperformance in skills development, CCEP could collaborate with local education providers to create targeted training programmes, helping to build a more diverse and skilled talent pipeline. Additionally, regular external audits of DEI progress could ensure targets remain both realistic and ambitious, holding the business accountable while supporting long-term improvement. A basic solution would comprise a judgement/suggestion about the progress with limited detail and no quantitative evidence to support it. A solution would include a rationale for the judgement/suggestion backed by quantitative or qualitative evidence. A justified evaluation with evidenced-based solution would include a rationale for the judgement/suggestion about CCEP's progress towards DEI, supported by consideration of non-quantitative arguments about how it could further this progress. A strong justified evaluation would use quantitative data to assess CCEP's progress and how it could further this progress.

Q14* Using the data in Fig. 2 and any other relevant information, evaluate CCEP's progress towards its DEI commitments and suggest ways it could further improve this progress. [14]

	Knowledge & Understanding (2 marks)	**Application** (2 marks)	**Analysis** (4 marks)	**Evaluation** (6 marks)
Strong	**2 marks** Breadth of knowledge relating to DEI. **[KU]**	**2 marks (Q)** Two quantitative uses of DEI data from Fig. 2. **[APP]**	**4 marks (Q)** Developed (quantitative) analysis of a range of issues relating to progress towards DEI. **[DEV]**	**5-6 marks (Q)(Q)** A justified evaluation with evidence-based solution is proposed with a sustained line of reasoning that is clear, coherent and logically structured. The evaluation presents information that is relevant and substantiated (including explicit use of the context) that judges CCEP's progress towards DEI with explicit use of **quantitative** argument. **[EE][EE]**
Good			**3 marks (Q)** Developed (quantitative) analysis of a limited range of issues relating to progress towards DEI. **[DEV]**	**4 marks** A justified evaluation with evidence-based solution is proposed with a line of reasoning which is reasonably coherent and that has some structure. The evaluation presents information that is mostly relevant and supported by some evidence (including explicit use of the context) that judges CCEP's progress towards DEI (but no explicit use of quantitative argument). **[EE]**
Reasonable	**1 mark** Limited knowledge relating to DEI. **[KU]**	**1 mark (Q)** One quantitative use of DEI data from Fig. 2. **[APP]**	**2 marks** Basic analysis of a range of issues relating to DEI. **[AN]**	**2-3 marks** A justified evaluative comment with a solution is proposed though with limited structure. The information presented has some relevance for determining a business' progress towards DEI. **[EVAL] [EVAL]**
Limited			**1 mark** Basic analysis of a limited range of issues relating to DEI. **[AN]**	**1 mark** An assertion is proposed that lacks structure. The information presented has little relevance for determining how a business can progress towards DEI. **[EVAL]**

14*	**Marking exemplar:** Diversity relates to including people from a range of backgrounds and minority groups, such as all sexual orientations and those with disabilities (KU). Inclusion relates to providing an environment where all feel valued and have a voice. Equity relates to treating all stakeholders fairly (KU). CCEP has shown commitment to those with disabilities by introducing its new disability pledge in 2023 (AN). The company also pays fairly so, at least where financial rewards are concerned, it is meeting requirements to be equitable (AN). The quantitative data shows that CCEP's disability representation in the workforce is 2.6 percentage points above target (APP) (Q), so CCEP has surpassed its targets for disability inclusion (DEV) (Q). However, CCEP is 7.9 percentage points below its target for its gender balance in the total workforce (APP) (Q), with only 1/4 of workers being female (DEV) (Q). Diversity, equity, and inclusion require planning at the highest strategic level (EVAL). Without senior personnel prioritising this as an objective, businesses are likely to continue to fall short in the way they treat their workers regarding diversity, equity, and inclusion (EVAL). CCEP appears to be making good progress on disability. However, can the disability figures be trusted given that they are self-reported? With regards to inclusion, CCEP is falling short of its own targets on gender balance, and no data is provided relating to sexual orientation, so its inclusion of the LGBTQ+ community cannot be assessed (EE). CCEP is on target to hit its gender balance target for female workers by 2030 if the current increase of 1.3 percentage points per year continues (Q). However, even then, the gender balance would only be 33% female, when 50% of the general population are female. A shortfall of 17 percentage points remains (Q). CCEP appears to have set a target of 33% to ensure the target is achievable, rather than set the target at 50% to be truly representative of the working population (EE). To address these issues, CCEP could revise its gender targets to aim for full gender parity at 50%, ensuring the targets reflect the general population and not just what's seen as achievable. (EVAL) To improve gender balance more quickly, CCEP could introduce leadership development programmes specifically targeted at underrepresented groups, helping to fast-track diverse talent into senior roles. (EVAL) Additionally, to ensure transparency and build trust in self-reported disability data, CCEP could implement independent third-party audits of DEI data. Finally, to improve inclusion for the LGBTQ+ community and other underrepresented groups, (EVAL) CCEP could collect and publish data on sexual orientation and other diversity criteria, ensuring all communities are recognised and supported within the workforce (EVAL).

Section C

Question	Answer	Mark	Guidance
15a	**Explain what is meant by the term 'net zero'.** **Relevant K&U includes:** • Sustainable business practice • Relating to carbon emissions • Balancing any emissions with removal methods • Overall impact of business activity on the environment is neutral **ARA**	**2** **(AO1 1a 2)**	One mark for each of two valid points. Answers do not need to relate to The Thirl. **Example response:** Offsetting any carbon emissions (1) created by the business using carbon reduction methods (1).
15b	**The net present value (NPV) for Stage 2 is negative. Using a discount factor of 10%, calculated over five years, the NPV is (£0.5m). Explain what this means for The Thirl's £3m investment in Stage 2.** **Context that may be USED:** • Invest for non-financial reasons only • Returns in today's money fall short by £0,5m • Return only total £2.5m (in today's money) • Returns when discounted to today's value do not cover costs • The predicted fall in the value of money negates any positive returns on this investment • It is not financially viable • Will cost more than it earns **ARA**	**2Q** **(AO2 1a 2)**	One mark for each of two valid points. **Example response:** Returns for Stage 3 when discounted to today's money value is only £2.5m (1), so in pure financial terms the investment is not viable (1).

Question	Answer	Mark	Guidance
16	**Activity F is likely to take 12 additional days due to needing to order replacement parts from Asia.** **Using the critical path diagram and relevant calculations, analyse the value of critical path analysis to the effective management of Stage 2's heating and lighting upgrade.** **Relevant K&U includes:** • Indicates minimum completion time • Shows earliest start times and latest finish times • Identifies float time • Identifies critical path • Helps identify spare/slack resources • Helps identify how resources could be better employed • Helps manage contractor scheduling • Helps avoid delays in activities and completion/hotel reopening • Only as good as the estimated timescales which may be inaccurate • Further unexpected event may occur, possibly delaying the reopening • May cause a focus on speed of completion rather than quality. **Quantitative application*:** • Activity F has 10 days of free float • 12 – 10 = 2 day extension to completion time • Minimum completion time now 24 + 2 = 26 days	**8** **(AO1 1a 1)** **(AO1 1c 1)** **(AO2 1a 1)** **(AO2 1c 1)** **(AO3 4)**	NB This question contains 4 embedded marks for quantitative skill (Q) as indicated on the marking grid. It should be noted that whilst the AO2 Q marks may not be achieved (inaccurate/irrelevant use of quantitative data from the diagram), this should not be a barrier to the AO3 Q marks, if the analysis meets the other criteria, although if the initial use of the data is flawed, this may well affect how well-developed analysis can be. Candidate performance should be assessed for each skill (i.e. knowledge, application, analysis, evaluation) by selecting the mark which most closely resembles their performance for each specific skill. A candidate's level of performance is likely to vary from skill to skill. **Use level of response marking grid to assess skill levels.** Annotate as: Up to two marks for knowledge and understanding **[KU]** Up to two marks for application* **[APP]** Up to four marks for analysis **[AN]/[DEV]** *Application refers to the use of given data to demonstrate quantitative skill. Candidate should demonstrate quantitative skills of calculation or interpretation using the information on the CPA network diagram. NB For analysis to be considered as strong/good, i.e. 3+marks, the analysis must be quantitative i.e. using information from the CPA network diagram. This question assesses candidates' ability to use complex qualitative information to analyse the value of critical path analysis for an organisation. The question provides opportunity for

Question	Answer	Mark	Guidance
	Analysis includes: • Critical path now ABEFIJKL • Activity F now a critical activity, any further delay would cause additional delays to the upgrade • Activities G and H no longer critical, the lighting and air conditioning upgrades now have slack time • Resources for the gas heating upgrade should be prioritised • Expected completion now 26 October/5 days before planned reopening. **ARA**		candidates to demonstrate their knowledge and understanding of the critical path analysis for implementing change and requires the demonstration of quantitative skill to calculate relevant critical path figures from the network diagram. Breadth of knowledge refers to the range of relevant business concepts, theories, and terminology used in a response. A strong answer will draw on ideas from multiple topic areas and demonstrate an understanding of different approaches or perspectives. Limited knowledge may be shown by relying on just one concept or a narrow part of the specification. Analysis should investigate the value of critical path analysis for a business. Basic analysis should demonstrate an understanding of the value of critical path analysis drawing on basic business concepts. Developed analysis should demonstrate more complex reasoning based on interpretation of the quantitative calculations relating to critical path analysis using a logical chain of argument.

Q16 Activity F is likely to take 12 additional days due to needing to order replacement parts from Asia. Using the critical path diagram and relevant calculations, analyse the value of critical path analysis to the effective management of Stage 2's heating and lighting upgrade.

[8]

<table>
<tr><th></th><th>Knowledge & Understanding
(2 marks)</th><th>Application
(2 marks)</th><th>Analysis
(4 marks)</th></tr>
<tr><td>Strong</td><td rowspan="2">2 marks

Breadth of knowledge relating to using CPA.
[KU]</td><td rowspan="2">2 marks (Q)

Multiple relevant quantitative uses of the CPA network diagram.
[APP]</td><td>4 marks (Q)

Developed (quantitative) analysis of a range of impacts on business performance of using CPA .
[DEV]</td></tr>
<tr><td>Good</td><td>3 marks (Q)

Developed (quantitative) analysis of impact on business performance of using CPA.
[DEV]</td></tr>
<tr><td>Reasonable</td><td rowspan="2">1 mark

Limited knowledge relating to using CPA.
[KU]</td><td rowspan="2">1 mark (Q)

Relevant quantitative use of the CPA network diagram.
[APP]</td><td>2 marks

Basic analysis of a range of impacts on business performance of using CPA.
[AN]</td></tr>
<tr><td>Limited</td><td>1 mark

Basic analysis of impact on business performance of using CPA.
[AN]</td></tr>
</table>

16	**Marking exemplar:** Critical path analysis gives an indication of the minimum completion time of a project (KU). It also identifies which activities have float time and which ones are critical to the project finishing on time. However, the analysis needs accurate estimations of data if the network diagram is to prove useful (KU). Identifying critical activities highlights which activities may need additional resources allocating to them, if they fall behind (AN). Whilst identifying activities with float time gives an indication of which tasks could spare resources, if necessary (AN). The float time for Activity F is 10 days (i.e. 19 – 5 – 4) (APP)(Q) so a 12-day delay will extend the overall project by 2 days (DEV)(Q). The minimum completion time is now expected to be 26 days (24 +2) (APP)(Q) which gives the hotel only 5 days after the completion of the upgrade (i.e. 26 Oct – 31 Oct) to train the staff, order food supplies and get the hotel ready for reopening on 1 November (DEV) (Q).

Question	Answer	Mark	Guidance
17	**Analyse <u>two</u> actions that the owners could include in Stage 3 of the environmental action plan to help the hotel reach net zero by 2045. Recommend which of the two actions The Thirl should prioritise. Justify your answer.** **Relevant K&U includes:** • Use paperless advertising methods e.g. social media • Market the business online e.g. tourist board and hotel booking website, rather than use glossy brochures/traditional methods of advertising • Use premium listings with search engines instead of traditional advertising methods • Print internal documents in black and white • Print internal documents on recycled paper • Use eco-friendly cleaning fluids • Provide eco-friendly toiletries • Source eco-friendly bedding • Supply more organic food in the restaurant • Put more locally sourced food on the menu • Grow own vegetables in grounds • Keep livestock • Purchase an electric mini-bus • Offer e-bikes for guests • Add a green roof to hotel. **Application includes:** Application of environmentally-friendly methods to The Thirl. Context that may be USED include:	**14** **(AO1 1b 1)** **(AO1 1c 1)** **(AO2 1b 1)** **(AO2 1c 1)** **(AO3 4)** **(AO4 1b 2)** **(AO4 1d 4)**	Candidate performance should be assessed for each skill (i.e. knowledge, application, analysis, evaluation) by selecting the mark which most closely resembles their performance for each specific skill. A candidate's level of performance is likely to vary from skill to skill. **Use level of response marking grid to assess skill levels.** Annotate as: Up to two marks for knowledge and understanding **[KU]** Up to two marks for application **[APP]** Up to four marks for analysis **[AN]/[DEV]** Up to six marks for evaluation **[EVAL]/[EE]** Do not award answers relating to reducing waste or heating and lighting upgrade as these have already been done at Stages 1 and 2. This question requires candidates to propose evidence-based solutions based on the qualitative and quantitative information provided. In particular, this question assesses candidates' ability to generate enterprising and creative solutions that should work synergistically with the context to improve the environmental profile of The Thirl. Candidates should propose evidence-based solutions that are contextually appropriate for The Thirl based on the qualitative and quantitative information provided. The question provides opportunity for candidates to suggest two strategic actions that The Thirl could take that demonstrate how the business could further adapt to the ever-increasing levels of environmental awareness.

	• Stage 1 costs • Loss of earning from stage 2 closures • Data for figure 3, survey questions. **Analysis includes:** • Advantages to the organisation of specific environmentally-friendly actions suggested. • Disadvantages to the organisation of specific environmentally-friendly actions suggested. **Evaluation could include:** A decision as to which environmentally-friendly option should be prioritised supported by: • Weighing up of advantages and disadvantages of the actions. • Critical analysis to judge the magnitude and importance of advantages/disadvantages the actions. • Consideration of the validity of the survey results. • Consideration of cost versus quality and consequent impact on reputation and finances • Consideration of short-term and long-term implications of the actions. • Consideration of the qualitative and quantitative information provided and The Thirl's unique circumstances in terms of its luxury emphasis, high price point and clientele. • Cost-benefit arguments relating to trade-offs in terms of time, money and opportunity cost. **ARA**		Analysis should investigate the positive and negative effects of the proposed environmentally-friendly actions. Basic analysis should demonstrate an understanding of the impacts on the business of implementing these actions using straightforward logic and drawing on basic business concepts. Developed analysis should demonstrate more complex reasoning using a logical chain of argument to explore the implications on the organisation of implementing these specific environmentally-friendly actions. Evaluation requires candidates to justify which of their proposed solutions should be prioritised at The Thirl, using evidence to make informed judgements. Justified proposed solutions could include the impact of supplying more organic and locally sourced food, versus adding a green roof as Stage 3 actions to help The Thirl reach net zero by 2045. Supplying organic/local food reduces food miles and supports lower-carbon supply chains, is highly visible to guests, aligns with The Thirl's luxury emphasis and high price point (so higher food costs can be passed on), can be implemented relatively quickly with manageable operational changes, and will likely boost reputation and guest satisfaction — although it may raise variable costs and face seasonal supply limits. A green roof delivers genuine long-term environmental benefits (improved insulation, lower heating/cooling energy use, biodiversity gains and a strong sustainability signal) but requires high initial capital, structural works and planning consent, has a long payback period, and adds ongoing maintenance complexity. A basic solution would comprise some reasoning as to why that proposal has been chosen, but with limited support. A solution would include a rationale for choosing the proposal. An evidence-based solution would be backed by quantitative or qualitative evidence or reasoning. A strong evidence-based solution is likely to be backed by quantitative and qualitative evidence or reasoning,

			and weigh up the advantages and disadvantages of both actions to rank the solutions.

Q17 Analyse <u>two</u> actions that the owners could include in Stage 3 of the environmental action plan to help the hotel reach net zero by 2045. Recommend which of the two actions The Thirl should prioritise. Justify your answer. **[14]**

	Knowledge & Understanding (2 marks)	**Application** (2 marks)	**Analysis** (4 marks)	**Evaluation** (6 marks)
Strong	**2 marks** Knowledge of two environmentally-friendly actions. **[KU]**	**2 marks** Application to The Thirl of two environmentally-friendly actions. **[APP]**	**4 marks** Developed analysis of advantages/disadvantages of two environmentally-friendly actions. **[DEV]**	**5-6 marks** An evidence-based solution is proposed as to which environmentally-friendly action The Thirl should prioritise in its Stage 3 action plan, including why an alternative is of lower rank (with explicit use of the context). **[EE][EE]**
Good			**3 marks** One developed **AND** one basic analysis of advantages/disadvantages of two environmentally-friendly actions. **[DEV]+[AN]**	**4 marks** An evidence-based solution is proposed as to which environmentally-friendly action The Thirl should prioritise in its Stage 3 action plan (with explicit use of the context). **[EE]**
Reasonable	**1 mark** Knowledge of one environmentally-friendly action. **[KU]**	**1 mark** Application to The Thirl of one environmentally-friendly action. **[APP]**	**2 marks** Developed analysis of advantages/disadvantages of one environmentally-friendly action **[DEV] OR** Basic analysis of advantages/disadvantages of two environmentally-friendly actions. **[AN]**	**2-3 marks** A solution is proposed, though with limited evidence, as to which environmentally-friendly action the business should prioritise. **[EVAL] [EVAL]**
Limited			**1 mark** Basic analysis of advantages/disadvantages of one environmentally-friendly action. **[AN]**	**1 mark** A basic solution is proposed, which lacks evidence, as to which environmentally-friendly action the business should prioritise. **[EVAL]**

17	**Marking exemplar:** The hotel should get rid of petrol- or diesel-powered vehicles (KU) and instead invest in an electric powered luxury mini-bus to shuttle guests to and from the station (APP). This will improve the guests' first impressions of the business because for guests arriving by train it will be the first thing they see when they are collected from the station (AN). The purchase price of the minibus will initially increase costs, however in the long-term it will also save money on road tax and fuel (DEV). The hotel should also search out local suppliers (KU). Buying local sourced food such as Highland beef and locally grown vegetables minimises the amount of air miles travelled (APP). Whilst this produce might be slightly more expensive, the hotel can use this produce as marketing tool by drawing attention to its local sourcing on its restaurants menus (AN). In addition to increasing the hotel's environmental profile, sourcing food locally will also allow the business to charge premium prices that further increase profit margins, especially since the typical clientele are affluent (DEV). I think that the hotel should prioritise the sourcing of local goods because it reduces air miles (EVAL) which also reduces transportation costs. Sourcing food locally is also a cheaper option than buying a new minibus (EVAL). Choosing a low-cost option might be especially important at present given that the hotel has already spent £1m on Stage 1 of its environmental action plan. With 78% occupancy across 210 rooms, The Thirl sells approximately 163 rooms per night. At an average rate of £339 per night, this generates £55,257 in daily accommodation revenue. Over the 31 days of October, The Thirl will forgo £1,712,967 in lost accommodation revenue —significantly impacting the hotel's profitability, which last year was only £350,000. Given these figures, minimising further costs during Stage 3 is vital to avoid deeper losses, so sourcing food locally should be prioritised over the cost of an expensive minibus (EE). However, despite having an affluent clientele, I do not recommend increasing the menu prices too much because a survey by industry experts suggests 44% of guests who would select the hotel for its environmental profile perceive that they cannot afford the additional prices charged. Likewise I would not choose to prioritise the upgrade of the minibus not only because it is expensive, but because it is only likely to be noticed by those who arrive by train whereas all guests are likely to eat in one of the hotel's restaurant, even if just at breakfast-time (EE).

Question	Answer	Mark	Guidance
18#	**Evaluate factors likely to affect The Thirl's future success and suggest how the business should respond to these factors to achieve success.** **Use your knowledge and understanding from across the full course of study when answering this question.** **Relevant K&U drawn from across the full course of study includes:** • Business aims/objectives/goals • Potential for growth e.g. organic/mergers/acquisitions • Levels of disruption caused by environmentally-friendly action plan • Tension between luxury and perceived quality reduction of being environmentally-friendly • Reputation/image • Stakeholder actions e.g. pressure group protests, local resident complaints • Recruitment policy • Staff training and development • Human resource reward schemes • Communication e.g. ability to get information on environmentally-friendly approach to potential customers • Pricing policy • Marketing activity e.g. emphasis on quality/ • environmentally-friendly profile • Cohesion of elements of marketing mix e.g. price/product quality • Public relations activity to emphasise luxury and maintenance of quality	**14** **(AO1 1b 1)** **(AO1 1c 1)** **(AO2 1b 1)** **(AO2 1c 1)** **(AO3 4)** **(AO4 1a 1)** **(AO4 1b 2)** **(AO4 1c 1)** **(AO4 1d 2)**	NB This question contains 6 embedded marks for synopticity (#) as indicated on the marking grid. Candidate performance should be assessed for each skill (i.e. knowledge, application, analysis, evaluation) by selecting the mark which most closely resembles their performance for each specific skill. A candidate's level of performance is likely to vary from skill to skill. **Use level of response marking grid to assess skill levels.** Annotate as: Up to two marks for knowledge and understanding **[KU]** Up to two marks for application **[APP]** Up to four marks for analysis **[AN]/[DEV]** Up to six marks for evaluation **[EVAL]/[EE]** This question requires candidates to use informed judgements about qualitative and quantitative information in order to propose evidence-based solutions. This question assesses candidates' ability to make informed judgements based on qualitative and quantitative information and use this to propose and justify evidence-based solutions as to how the business should respond to achieve success. This question assesses candidates' ability to take a strategic view of the business and, using holistic understanding, evaluate the factors that could affect its future success in the dynamic environment in which it operates based on the qualitative and quantitative information provided. To achieve full marks candidates must use knowledge and understanding from across the full course of study in answering this question.

	• Listing with SEO (search engine optimisation) • Changes in target market (environmentally-friendly) • Operational quality e.g. customer service levels • Operational efficiency • Financial control e.g. costs, investments • Cashflow • Profitability • Availability of sources of finance • Investment appraisal • Levels of demand • Market factors • Price of substitutes/compliments • Disposable income levels • Economic factors e.g. interest rates, inflation, exchange rates, unemployment levels • Social trends towards green consumerism • Ethical factors • Porter's five forces • SWOT analysis i.e. strengths, weaknesses opportunities, threats • Lewin's force field analysis factors i.e. driving and restraining forces • Barriers to change • Ability to manage change • Strategic vision of owners e.g. cohesive, holistic, unified		The question requires candidates to suggest factors that are likely to affect the future success of The Thirl. Answers are expected to come from many areas of the specification. Answers can relate to positive and/or negative impacts on success. Answers should then be developed to propose solutions that either accentuate any positives or minimise any negatives, or both. Breadth of knowledge refers to the range of relevant business concepts, theories, and terminology used in a response. A strong answer will draw on ideas from multiple topic areas and demonstrate an understanding of different approaches or perspectives. Limited knowledge may be shown by relying on just one concept or a narrow part of the specification. Breadth of application is about how well knowledge is applied across the full business context provided. Strong responses apply concepts to different aspects of the scenario — such as various stakeholders, business functions, or external influences — and use contextual details to support their reasoning. Narrow application might only consider one stakeholder or ignore important features of the case study. Analysis should investigate the positive and/or negative effects on The Thirl of the factors suggested. Basic analysis should demonstrate an understanding of the impacts on the business of these factors using straightforward logic and drawing on basic business concepts. Developed analysis should demonstrate more complex reasoning using a logical chain of argument to explore the implications on the organisation of these factors. Evaluation requires candidates to make a judgement supported by justification as to which factor is likely to have the greatest impact on The Thirl's success and propose solutions in response. Justified, proposed solutions could include how The Thirl can respond effectively to the main factors likely to affect its future

	Application includes: Application of specific factors affecting success of The Thirl using quantitative and qualitative information provided in the case study. Context that may be USED include: • May attract golfers since courses nearby • Conflict between quality/luxury image and environmentally friendliness • £339 per room per night • £25m annual total revenue • £350,000 profit • High occupancy rate of 78% • Occupancy rate stable in last two years • 42% cannot afford higher price of environmentally friendly holidays • 22% suggest they find it difficult to locate environmentally friendly options • 20% equate environmentally friendly with lack of luxury **Analysis includes:** • Negative impacts on business operations of specific factors. • Negative impacts on business behaviour of specific factors. • Negative impacts on business performance of specific factors. • Negative impacts on business decision-making of specific factors. • Negative impacts on business strategic planning of specific factors. • Positive impacts on business operations of specific factors. • Positive impacts on business behaviour of specific factors.		success, such as maintaining its luxury reputation while becoming more environmentally sustainable and ensuring strong financial and operational control during this transition. To address these, The Thirl could focus on implementing visible, guest-facing sustainability actions—such as sourcing more local and organic food, using eco-friendly toiletries, and promoting its green credentials through online marketing—to strengthen its reputation and appeal to eco-conscious customers without compromising quality. At the same time, the business could manage financial risk by phasing in higher-cost environmental investments, like electric transport or green infrastructure, based on clear investment appraisals and available funding. Supporting these actions with effective staff training, stakeholder communication, and careful cost management would help balance luxury standards with sustainability goals, positioning The Thirl for long-term success. A basic solution would comprise a solution with a lack of reasoning as to why that solution had been chosen or the success factor it links to. A solution with justified evaluative comment would include a limited rationale as to why the solution helps deal with a particular success factor. Justified evaluation would weigh up the nature and/or magnitude of multiple success factors and propose a solution to accentuate or minimise these factors as appropriate. The justification might consider how the suggested solution deals with the factors identified and whether they are internal decisions or changes in external factors to which the business needs to respond. The likelihood of factors occurring might also be considered. A detailed evaluation should consider the unique circumstances relating to the Thirl including the difficult balance between emphasising quality and the owners' desires for environmentally-friendly credentials and how the proposed solution can provide a way forward. The evaluation might also consider further changes into the future and how the Thirl could improve their chances of success. In addition, the justification may attempt to balance the short-term and long-term trade-offs of the suggested factors. The strongest evaluation would also consider why an

	• Positive impacts on business performance of specific factors. • Positive impacts on business decision-making of specific factors. • Positive impacts on business strategic planning of specific factors. **Evaluation could include:** A judgement as how a business achieves success, supported by: • Weighing up of advantages and disadvantages of factors. • Critical analysis to judge the magnitude and importance of advantages/disadvantages of each factor. • Consideration of likelihood of factors occurring. • Consideration of external forces versus internal decisions, and degree of control. • Consideration of short-term and long-term implications. • Consideration of the qualitative and quantitative information provided and The Thirl's unique circumstances in terms of its luxury emphasis, high price point, typical clientele and the owners' desire to operate in an environmentally-friendly manner. Cost-benefit arguments relating to trade-offs in terms of time, money and opportunity cost. **ARA**		alternative solution or other factor is likely to be less beneficial to the future success of The Thirl. NB SYNOPTIC QUESTION – All points can be supported with any appropriate knowledge and understanding that a student may have learned whilst studying the course. The full course of study refers to relevant information taken from more than one component and students can only be rewarded 'strong' responses if they meet this criteria.

Q18 Evaluate factors likely to affect The Thirl's future success and suggest how the business should respond to these factors to achieve success. Use your knowledge and understanding from across the full course of study when answering this question. [14]

	Knowledge & Understanding (2 marks)	**Application** (2 marks)	**Analysis** (4 marks)	**Evaluation** (6 marks)
Strong	**2 marks (#)** Breadth of knowledge of factors affecting business success drawn from across the full course of study. **[KU]**	**2 marks (#)** Breadth of application to The Thirl of factors affecting business success drawn from across the full course of study. **[APP]**	**4 marks (#)** Developed analysis of the impact on business of a range of factors affecting business success drawn from across the full course of study. **[DEV]**	**5-6 marks (#)(#)** A justified evaluation, with evidence-based solution, as to which factor is likely to have the greatest impact on The Thirl's success and how this solution would help The Thirl achieve success, including why an alternative solution/factor is likely to have has a lesser impact on The Thirl's success, with explicit use of context and argument drawn from across the full course of study. **[EE][EE]**
Good			**3 marks (#)** Basic analysis of the impact on business of a range of factors affecting business success drawn from across the full course of study. **[AN]**	**4 marks** A justified evaluation, with evidence-based solution, as to which factor is likely to have the greatest impact on The Thirl's success and how this solution would help The Thirl achieve success, with explicit use of context. **[EE]**
Reasonable	**1 mark** Limited knowledge of factors affecting business success. **[KU]**	**1 mark** Application to The Thirl of factors affecting business success. **[APP]**	**2 marks** Basic analysis of the impact on business of a range of factors affecting business success. **OR** Developed analysis of the impact on business of a limited range of factors affecting business success. **[DEV]**	**2-3 marks** A justified evaluative comment with a solution is proposed regarding how a business achieves success. **[EVAL] [EVAL]**
Limited			**1 mark** Basic analysis of the impact on business of a limited range of factors affecting business success. **[AN]**	**1 mark** An assertion for a solution as to how a business achieves success is proposed with limited relevance to factors that affect business success. **[EVAL]**

18	**Marking exemplar:** An external factor that is likely to affect the success of The Thirl is interest rates (KU). Since The Thirl's typical guests are affluent couples aged 50+ they are likely to own their own homes and be mortgage free. Consequently, being net-savers, high interest rates will mean high returns on their savings and a greater likelihood that they would book an expensive break with The Thirl (APP). This would encourage more repeat custom and increase room occupancy rates (AN), increasing cash inflows, profits and returns on investment for the owners (DEV). An internal factor that is likely to affect the future success of The Thirl is the owners' vision for the hotel and their attitude to risk (KU)(#). If the owners are willing to pursue a high-risk growth strategy using horizontal integration they could buy-out another independent hotel near the Scottish border (APP)(#). This would likely need a mortgage as an external source of finance which would increase monthly cash outflows (AN) (#). However, it would lead to an almost instant doubling of the size of the business, not only increasing market share, but also increasing economies of scale and reducing its breakeven point (DEV)(#). I think that the degree of risk that a business owner is willing to take is most likely to determine the future success of a business. I suggest that the owners increase their risk tolerance and follow an aggressive growth strategy (EVAL). To reduce the risks involved, the owners should carry out scenario planning using financial forecasting models to ensure the new hotel could maintain a minimum occupancy rate to cover fixed mortgage repayments, which would reduce the danger of financial strain. This is because the owners are in control of all strategic decisions (EVAL). For The Thirl, willingness to take the risk of expanding by buying-out another hotel is likely to significantly improve the chances of business success. The business could effectively have 420 bedrooms, doubling revenue to £40m per as well as doubling restaurant revenue to £10m and profits to £700,000 (EE). Economies of scale should also lead to higher profit margins, so even with just a 5% improvement the business should expect to make an additional £35,000 per year . While the mortgage will be expensive and interest will need to be paid, the owners will have acquired a building which is a fixed asset that, if trading conditions turn tough, could be resold for a profit. Higher interest rates are likely to increase guest numbers, especially because the income elasticity of demand will be significantly greater than 1.0 (#). However, The Thirl's affluent clientele are likely to be able to afford to take the break even if interest rates plummet. So The Thirl is likely to be less affected by fluctuating interest rates than many businesses, except in regard to any mortgage they have taken out to buy the second hotel (EE)(#).

Assessment Objective Grids

Question	AO1 Knowledge Skills Understanding			AO2 Application of KSU			AO3 Research & Analysis	AO4 Evaluation				Quant Skill
	1a	**1b**	**1c**	**1a**	**1b**	**1c**	**n/a**	**1a**	**1b**	**1c**	**1d**	
1	1											
2					1							
3	1											
4						1						
5				1								
6			1									
7	1											
8			1									
9					1							
10				1								
11	2			2								
12		2			2		4					
13	2			2			4	2		4		
14	1	1		1	1		4	2	1	1	2	Calculate, use and understand percentages and percentage changes. Interpret, apply and analyse information in written, graphical and numerical forms.
15a	2											
15b				2								Calculate investment appraisal outcomes and interpret results.
16	1		1	1		1	4					Use and interpret quantitative and non-quantitative information in order to make decisions. Interpret, apply and analyse information in written, graphical and numerical forms.
17		1	1		1	1	4		2		4	
18		1	1		1	1	4	1	2	1	2	
Auto totals	11	5	5	10	7	4	24	5	5	6	8	
Targets →	21			21			24	24				

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